

DENR Memorandum Circular
No. 2001- 04
January 10, 2001

SUBJECT : Revised Guidelines on the Conduct of Monitoring and Evaluation of the Forestry Sector Project.

Pursuant to the provisions of Executive Order No. 263 and DENR Administrative Order No. 96-29, the Department shall adopt and implement community-based forest management (CBFM) strategy to ensure the sustainable development of the country's forest lands. One of the programs under CBFM is the Forestry Sector Project (FSP) being implemented by the Department through a Loan Agreement between the Japan Bank for International Cooperation (JBIC) and the Government of the Republic of the Philippines. Pursuant to this Agreement, the following guidelines, which amend Memorandum Circular 99-17, are hereby adopted for the conduct of the Monitoring and Evaluation (M and E) by Non-Government Organizations (NGO) in the community-based Forestry Sector Project.

SECTION 1. BASIC POLICY

It is the policy of the government to enlist the broadest spectrum of participants in the development, conservation, management and utilization of forests and forest resources. In line with this, the Loan Agreement under FSP provides for using the services of Non-Government Organizations (NGOs) in the monitoring and evaluation of the Project. This is to provide greater sectoral participation and an objective view of the implementation efficiency and the benefits of the project.

SEC. 2 OBJECTIVES

The overall objective of these guidelines is to improve the performance of the Project through monitoring and evaluation. The specific objectives are:

- 2.1 to establish appropriate procedures and methodologies for the validation of physical accomplishments, institutional assessment and benefit monitoring and evaluation;
- 2.2 to provide on a regular basis, a third-party analysis of project performance, including recommendations on how to improve project implementation; and
- 2.3 to generate information valuable for policy formulation and future project development.

SEC. 3 DEFINITION OF TERMS

To provide consistent interpretation of terms and acronyms used in this Memorandum Circular, the following are hereby defined:

- 3.1 **AO** - refers to the Assisting Organization or the Non-Government Organization (NGO) contracted by DENR to conduct community organizing in Forestry Sector Project (FSP) sites.
- 3.2 **ARED for Operations** - refers to the Assistant Regional Executive Director for operations of the DENR who has supervision over the implementation of FSP in the regions.
- 3.3 **BME** - refers to Benefit Monitoring and Evaluation, which is the M and E component that looks into the sustained use and effectiveness of project outputs and services, and the immediate and long-term benefits thereof.
- 3.4 **CBFMA** - refers to the Community-Based Forest Management Agreement entered into by the DENR and a qualified people's organization, giving the latter a 25-year management and access rights to a defined area of forestlands.

- 3.5 **CBFM Program** - refers to the Community-Based Forest Management Program of the DENR which serves as the umbrella Program of the FSP.
- 3.6 **CO** - refers to the Community Organizing activity in FSP projects. It is a means to create conditions for development through citizens' participation. It is a strategy for mobilizing people to become fully and collectively involved in activities that aim to improve their lives. It is a systematic, planned and liberating change process of transforming a community into an organized, conscious, empowered, self-reliant, just and humane entity and institution.
- 3.7 **CONTRACT** - refers to the agreement entered into by the DENR and an NGO for the conduct of M & E activities.
- 3.8 **CONTRACTOR** - refers to the NGO which has been awarded an M & E contract by the DENR.
- 3.9 **CSD** - refers to the Comprehensive Site Development activities contracted to the POs. It refers to a set of land-based developmental activities designed to rehabilitate and reforest degraded portions of watersheds, mangrove and other land areas defined within a subproject. Specific activities include survey of land uses, nursery operations, reforestation, agroforestation, enrichment planting, assisted natural regeneration, rattan plantation establishment bamboo stream bank stabilization, lookout tower, path/trail construction, water system installation, mangrove and/or nipa plantation establishment and structural and vegetative soil conservation measures.
- 3.10 **FSP** - refers to the Forestry Sector Project, which is currently funded by the Japan Bank of International Cooperation (JBIC) and until 1999, was also financed by the Asian Development Bank.
- 3.11 **LGU** - refers to a Local Government Unit at the barangay, municipal and provincial levels.

- 3.12 **M & E** - refers to the monitoring and evaluation, which covers both progress monitoring (inputs and outputs) and benefit monitoring and evaluation.
- 3.13 **NFDO** - refers to the National Forestation Development Office, which is based at the DENR Central Office and is in charge of coordinating the activities of all FSP subproject sites, nationwide.
- 3.14 **NGO** - refers to a private organization, which is committed to the cause of socioeconomic development and environment and natural resources management. Included as NGOs are academe-based organizations, professional organizations, and other service organizations.
- 3.15 **POs** - refer to the People's Organization which shall be the primary beneficiary of CBFM projects and which shall conduct CSD activities in approved FSP subproject sites and manage the area over a long-term period.
- 3.16 **SUSIMO** - refers to the Subproject Site Management Office of DENR created under DAO 2000-65 to manage and supervise subproject implementation.

SEC. 4 SCOPE OF M and E BY NGOs

The M and E activities of the NGOs in the subproject sites shall consist of two components: validation of the physical outputs, and institutional and project benefit assessment.

4.1 In the validation and assessment of physical outputs, the NGO is expected to undertake the following:

- 4.1.1 Locate and verify on the ground the project and plantation boundaries and corner/block markers established by the PO;
- 4.1.2 Assess the production and disposition of seedlings;
- 4.1.3 Determine the total area planted as of a particular period;
- 4.1.4 Conduct a 20% systematic sampling (systematic strip sampling in upland projects and line sampling in mangrove

- projects) of all planted areas for purposes of survival counting and seedling height and diameter measurement;
- 4.1.5 Evaluate the maintenance and protection work of the PO and assess the overall quality/health of the plantations established;
 - 4.1.6 Inspect and evaluate the current condition of infrastructure facilities;
 - 4.1.7 Prepare the necessary maps to reflect findings of the above investigations; and
 - 4.1.8 Prepare a report outlining findings on the above with the recommended actions on the problems identified.

4.2 For the institutional and project benefit assessment, the following activities shall be undertaken:

- 4.2.1 Review available documents/records/studies and conduct rapid appraisal/key informant interviews/focused group discussions to assess the organizational, financial and management capability of the PO;
- 4.2.2 Assess the capability of the PO to sustain rehabilitation and forest protection work through key informant interviews with PO members and SUSIMO staff, spot checks of CSD areas and review of site development data/physical validation studies/PO documents;
- 4.2.3 Assess the financial viability of the PO and its capability to sustain its livelihood initiatives through review of records key informant interviews and discussions with PO members and SUSIMO staff;
- 4.2.4 Identify immediate and potential socio-economic benefits of the project to PO members and the community;
- 4.2.5 Identify verifiable evidences that would indicate the future environmental impacts of the project;
- 4.2.6 Prepare a report on the above findings, which should include specific recommendations to address performance gaps and issues;

- 4.2.7 Follow-up studies or subsequent passes, review actions taken on recommendations made in the previous assessment; and
- 4.2.8 Document lessons learned from FSP implementation.

The more detailed M and E guidelines and the methodologies to be used for each of the components are described in Annex A (Field Validation), Annex B (institutional and Project Benefit Assessment) and Annex C (Criteria and Indicators for Sustainable Forest Management: CBFM) of this Circular. There shall be separate reports for each component.

SEC. 5 SCHEDULE OF M & E COMPONENTS

The two components shall be implemented in a series of passes. The physical validation component shall be done one (1) year after planting with at least six (6) months interval between passes. The institutional and project benefit assessment component in upland areas shall be undertaken twice (2x) within the remaining period of the project, with the second pass held on the last year of the project (i.e., end-of-project assessment). Although the physical validation and institutional and benefit monitoring components are related, the two activities need not be undertaken in a sub-project site at exactly the same time.

In mangrove areas, both of the M and E components shall only be done on the last year of the project period.

The commencement of the physical validation passess after the first pass shall require the approval of the Regional Executive Director (RED). The NGO is expected to seek clearance to proceed from the RED at the start of each pass. In subproject sites where community organizing and/or plantation development are encountering significant CSD accomplishments before the validation is undertaken. The

approval of the RED shall also indicate the total area that shall be covered by the validation pass.

All final passes should be completed and final reports submitted not later than four months before the expiration of the Loan Agreement.

SEC. 6 REVISION OF CURRENT M & E CONTRACTS

The physical validation activities covered by existing M and E contracts shall be continued as long as the performance of the NGO-Contractor is satisfactory.

All current NGO-Contractors shall focus their activities on physical validation following the revised validation procedures and requirements that are provided in this Circular. Individual contracts shall be reviewed jointly by the NFDO and the contracting parties to establish the remaining physical validation activities that can realistically be funded with the contract balance, which shall include the unused allocation for the institutional and impact studies. Current contracts shall then be revised accordingly.

SEC. 7 QUALIFIED CONTRACTORS

The two (2) M and E components require different levels of expertise. Thus, they need not be undertaken by the same NGO-Contractor. The contracts for each component shall therefore be bid out separately.

NGOs under any of the following categories may apply as M and E contractors: a) academe-based organization, b) professional organization, and c) other service organization. They should however meet all of the following requirements:

7.1 Registered with the Securities and Exchange Commission (SEC);

- 7.2 Known to be with integrity and commitment to environmental, social and community development concerns;
- 7.3 Accredited by the Department of Environment and Natural Resources (DENR);
- 7.4 Technically capable to implement one or both of the M and E components;
- 7.5 With good track record as an organization of at least three years in similar or related projects; has adequately-trained manpower and with sufficient financial resources; and
- 7.6 Preferably with project experience in the region where the subproject site is located.

SEC. 8 NOTICE OF BIDDING

The Regional Office shall advertise the notice of bidding of contracts for the two components. The concerned Regional Office shall publish a notice of bidding for three (3) consecutive days in at least one newspaper with regional circulation and one with national circulation. This shall be accompanied by announcements posted in conspicuous places within the premises of the Regional Offices, the Provincial Environment and Natural Resources Office (PENRO) and the Community Environment and Natural Resources Office (CENRO).

An NGO may bid for either or both components in two or more subprojects in any region. Those who bid for the physical validation component, however, can only be awarded with one physical validation contract. Those who bid for the other component can be awarded a maximum of three institutional and project benefit assessment contracts covering also a maximum of three (3) sub-project sites. An NGO with a physical validation contract, however, can only obtain at most two (2) institutional and project benefit assessment contracts.

SEC. 9 REQUIREMENTS FOR APPLICATION

The following are required when applying for an M & E contract:

- 9.1 An application letter to be submitted to the RED, attention The Selection Committee, not later than two (2) weeks after the last publication date of the bidding notice. The application letter should indicate the particular component(s) which the NGO is interested to undertake;
- 9.2 NGO profile to include name and address of organization, name of officers and board members, SEC registration, and latest financial statement;
- 9.3 Capability statement highlighting its track record in implementing similar or related projects;
- 9.4 Certification of good standing from at least two of the following:
 - 9.4.1 Head of the organization from at least two of the following:
 - 9.4.2 Head of the LGU (mayor or governor) where it has provided its latest services;
 - 9.4.3 Head of civic or religious group where it has provided its latest services; and
 - 9.4.4 Head of an academic/research institution or NGO, which it has previously worked/associated with.
- 9.5 Other information/documents which may provide additional proof of the NGO's capability or relative advantage to handle the project.

SEC. 10 SELECTION AND AWARDING OF M & E CONTRACTS

Consistent with existing policies and guidelines on awarding service contracts as stipulated in Section 6.0 of MC No. 20, series of 1992, the following additional specific procedures shall be observed in selecting NGOs for M and E contracts:

10.1 The Selection Committee for the physical validation component shall be composed of the following:

Chair ARED for Operations
Vice Chair PENRO Concerned
Members NFDO Senior Officer
 FRDD Chief or CBFM Head
 Regional Focal Person

For the institutional and project benefit assessment component, the Selection Committee shall be composed of the following:

Chair ARED for Operations
Vice Chair NFDO Senior Officer
Members Representative of the Forest Management
 Bureau (FMB)/NFDO
 PENRO Concerned
 Chief of the Forest Resources Development
 Division (FRDD)/or the CBFM Head

10.2 The Committees shall evaluate the suitability of the applicants to the components they have applied. It shall then prepare a shortlist consisting of the top three qualifiers for each component;

10.3 The short-listed NGOs shall be invited to visit the site and shall be provided materials on the detailed M and E guidelines and the suggested methodologies for the component they are interested in. They shall then be required to submit their proposal not later than fifteen (15) days after the scheduled site visit. The proposal shall essentially contain a description of the general strategy to carry out the task, the composition of the teams that shall be fielded, and the bio-data of the key members of the teams, a proposed schedule and financial plan. They may also provide additional documents that shall support their capability statement;

10.4 The committee shall evaluate the proposals and select the most qualified NGO. He committee shall notify the selected NGO for

contract signing not later than one (1) week after their selection and upon issuance by the DENR Regional Accountant of a certification that funds for the contract are available.

SEC. 11 PREPARATION AND SIGNING OF CONTRACT

The Regional Office shall prepare the contract for the physical validation component and the institutional and benefit monitoring component within three (3) working days after notifying the selected NGO. The contract shall be reviewed by the NGO and referred to the RED within three (3) working days. The RED, as the representative of the DENR, shall approve the contracts.

A pro-forma contract for both components is provided in Annex D and Annex E of this Circular.

The NGO shall post a performance bond, either cash or surety, upon signing of the contract, in accordance with existing rules and regulations.

SEC. 12 DURATION OF CONTRACT

The contracts for upland sub-projects shall cover at least two (2) passes and shall be valid for a maximum of two (2) years. Contracts for mangrove areas shall cover only one (1) pass.

SEC. 13 NOTICE TO PROCEED

The RED shall issue a notice to proceed within five (5) working days after the signing of the contract.

SEC. 14 ROLES OF DENR AND THE PO

The NFDO shall conduct the orientation on the proposed guidelines and methodologies that shall be used for both components. The concerned DENR staff and members of the NGO teams are expected to attend the orientation.

The concerned Regional Office shall provide the Contractors the necessary assistance and relevant information for the smooth conduct of the M and E activities. Moreover, the AO and the PO shall provide relevant reports, maps and other information as may be required by the M & E Team.

The SUSIMO and the PO shall have active roles in the two activities. Designated members are to participate in all field activities, meetings, and discussions of findings and recommendations that are organized by the NGO.

The municipal and barangay LGU shall be notified about the conduct of the activities and shall be invited to participate in the NGO-led activities.

SEC. 15 REPORTS

For each pass, the NGO shall be required to submit a draft report and a final report. The outline of the report is part of the guidelines in Annexes A and B.

Upon completion of its draft report, the NGO shall present their findings and recommendations to the PO, AO, SUSIMO, LGU, CENRO, PENRO, Regional Office (ARED for Operations-FRDD and the Planning and Management Division), and NFDO. The NGO and DENR shall document the comments and suggestions during the presentation and the NGO is to address these in the final report. Points

of disagreement that are not resolved during the presentation should be duly noted. The full documentation of the presentation shall be annexed by the NGO to the report.

The Regional Office shall review the NGO reports to check on its completeness and to determine if all the agreements reached with DENR and the PO are reflected in the report. If found in order, after consulting with the SUSIMO and PO, it shall endorse the report to NFDO. If no comments are received from NFDO within one (1) week, the Regional Office shall proceed with the formal acceptance of the report and the payment of the NGO.

SEC. 16. COST OF M and E

16.1 The cost of the validation of physical accomplishments in upland sub-project sites is P 643.00 per hectare per pass while that for the mangrove subproject sites is P 633.00 per hectare per pass. The breakdown of the cost by activity is as follows:

Activity	Upland Subprojects (per ha)	Mangrove Subprojects (per ha)
a. Verification of boundaries, monuments and block corner posts	P 25.00	P 25.00
b. Seedling production inventory/ analysis	P 30.00	P 20.00
c. Survival counting with 20% sampling intensity, including mapping of developed areas	P 400.00	P 400.00
d. Height and diameter measurement, assessment of overall	P 30.00	P 30.00

health/appearance		
e. Inspection of physical infrastructure	P 40.00	P 40.00
f. Project management cost and report preparation	P 118.00	P 118.00
Total cost per hectare per pass	P 643.00	P 643.00

16.2 The cost of the institutional and project benefit assessment shall depend on the number and membership of the POs. The maximum cost per pass that shall be used as basis in evaluating financial bids are as follows:

One PO in sub-project	P 215,000 (PO membership up to 1,000)
	P 230,000 (PO membership more than 1,000)
Two POs in sub-project	P 275,000
Three POs in sub-project	P 300,000
Four to six POs in sub-project	P 370,000
Seven to twelve POs in sub-project	P 700,000

SEC. 17 SCHEDULE OF PAYMENTS

The Contractor shall be provided a mobilization fee (MF) prior to the conduct of a pass of not more than fifteen percent (15%) of the first year cost of the contract. This shall be deducted from the Contractor's payments for the pass, the amount of which shall be proportionate to the progress payments.

SEC. 18 AMENDMENT OF CONTRACTS

The contract may be amended during the contract period, but only in between passes, through an exchange of letters between the contracting parties. The amendments that shall be allowed shall include changes in the schedule of the passes, in the area coverage of the physical validation activity with the corresponding change in cost, and in the team composition.

In case of changes in team composition, the DENR shall review the credentials of the replacements to make sure that the replacements have equal or better qualifications than those originally proposed or fielded.

SEC. 19 EXTENSION OF THE CONTRACT

The extension of the contract shall be allowed only in the following cases:

- 19.1 The NGO, for a valid reason, is unable to complete the required passes within the contract period;
- 19.2 The DENR decides to have an additional pass undertaken.

In the case of the latter, the corresponding increase in cost shall be indicated in the extension contract.

It must be considered, however, that per Section 5.0 the last pass and submission of the final report should occur not later than four (4) months before the expiration of the Loan Agreement.

SEC. 20 GROUNDS FOR CANCELLATION OF CONTRACTS

The RED, after proper and thorough investigation, may cancel and/or rescind the M & E Contract, for any of the following reasons:

- 20.1 If the contract was obtained through fraud, misrepresentation or omission of facts that affected or would have affected the decision of the Selection Committee at the time of the selection;
- 20.2 Failure of the contractor to start the contracted activity within one (1) calendar month from the receipt of the Notice to Proceed;
- 20.3 Voluntary surrender of the Contract by the Contractor for cause; and
- 20.4 Violation of any law and condition of, or failure to comply with or perform the obligations as stipulated in the contract, or policies, or pertinent laws, rules and regulations affecting the implementation of this Project.

SEC. 21 PENALTIES

In case of the Contractor's commission of any of the acts identified in Section 20.0 at any time that the contract is in force, any one or a combination of the following punitive actions shall apply:

- 21.1 Cancellation of contract;
- 21.2 Forfeiture of the performance bond;
- 21.3 Perpetual disqualification to apply for any DENR contract; and
- 21.4 Prosecution in court for Civil or Criminal liabilities, whichever applied and where conditions and circumstances warrant.

SEC. 22 SUPPLEMENTAL RULES AND REGULATIONS

The RED may issue memoranda and specific instructions to the concerned DENR units and personnel pursuant to this Circular.

SEC. 23 REPEALING CLAUSE

DENR Memorandum Circular 99-17 and other related DENR issuances inconsistent with this Circular are hereby repealed or are amended, accordingly.

SEC. 24 EFFECTIVITY

This Circular shall take effect immediately.

(Sgd.) ANTONIO H. CERILLES
Secretary